

Message Text

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PAGE 01 STATE 101253
ORIGIN EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 SS-15 STR-07
TRSE-00 CEA-01 LAB-04 SIG-03 COME-00 /076 R

DRAFTED BY EA/J:H A COCHRAN:EH
APPROVED BY EA:E HEGINBOTHAM
EA/J:N PLATT
EB/OT:J CUNNINGHAM
E:J WILSON
STR:W BARREDA
TREAS:E RASMUSSEN (SUBS)
CEA:J SHAFER (INFO)
DESIRED DISTRIBUTION
E, EA, EB, TREASURY, STR, LABOR, CEA
-----110557 202242Z /66
R 200343Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO
INFO AMEMBASSY PARIS
USMISSION GENEVA
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY BONN

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PARIS FOR USOECD, GENEVA FOR USMTN, BRUSSELS FOR USEC

E.O. 11652:N/A

TAGS: ETRD, JA, US

SUBJECT: MITI SUGGESTS EXPORT RESTRAINTS

1. ON APRIL 19, GOJ EMBASSY FIRST SECRETARY (COMMERCIAL)
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TANABE PASSED THE FOLLOWING INFORMAL TALKING PAPER (I.E.,
ON PLAIN PAPER WITHOUT LETTERHEAD, SALUTATIONS, ETC.) TO
DEPUTY ASSISTANT SECRETARY WILLIAM BARRACLOUGH AND TO
TREASURY.

2. "MITI WILL TAKE THE FOLLOWING STEPS REGARDING JAPAN'S
EXPORT IN JFY 1978 WITH A VIEW TO IMPROVING CURRENT SITU-

ATION CONCERNING JAPAN'S BALANCE OF PAYMENT. MITI WILL REVIEW THESE STEPS, IF NECESSARY, TAKING INTO ACCOUNT EXPORT TRENDS AND OTHER RELEVANT FACTORS IN FUTURE.

3. "WITH RESPECT TO ITEMS WHICH OCCUPY A LARGE PORTION OF TOTAL EXPORTS AND WHOSE EXPORT TRENDS WILL CONTRIBUTE SIGNIFICANTLY TO THE OVERALL TREND OF JAPAN'S EXPORT AS A WHOLE;

(1) AS FOR AUTOMOBILE, MITI WILL REQUEST EACH CAR MANUFACTURER TO SUBMIT QUARTERLY PLANS FOR THEIR SHIPMENT OF CARS, AND, WHERE NECESSARY, TO TAKE APPROPRIATE ACTIONS WITH A VIEW TO KEEPING THE NUMBER OF CARS WHICH WILL BE

SHIPPED IN JFY 1978 AT THE LEVEL OF LESS THAN IN JFY 1977.

(2) AS FOR THE FOLLOWING ITEMS ON WHICH MEASURES HAVE BEEN ALREADY TAKEN CONCERNING THEIR EXPORT PRICE OR AMOUNT WITH RESPECT TO THEIR EXPORTS TO FOREIGN MARKETS, SUCH MEASURES WILL BE CONTINUED MONITORING THE EXPORT TRENDS.

(A) STEEL

IT IS EXPECTED THAT THE AMOUNT OF EXPORTS IN JFY 1978, WILL BE LESS THAN THAT IN JFY 1977 DUE TO THE "TRIGGER PRICE MECHANISM" AND OTHER MEASURES TAKEN CONCERNING THE EXPORT LIMITED OFFICIAL USE

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TO THE US AND EC COUNTRIES. MITI WILL CONTINUE TO MONITOR THE TOTAL EXPORT OF STEEL THROUGH SUCH MEANS AS "STEEL EXPORT REPORT SYSTEM".

(B) TV SETS

DUE TO SUCH MEASURES AS EXPORT RESTRAINT FOR COLOR TV SETS WHICH WAS TAKEN LAST YEAR FOR THE US, IT IS EXPECTED THAT THE AMOUNT OF EXPORT OF TV SETS IN JFY 1978 WILL BE LESS THAN THOSE IN JFY 1977. MITI WILL CONTINUE TO MONITOR THE TREND OF THE EXPORT.

(C) SHIP

IT IS EXPECTED THAT THE AMOUNT OF EXPORT OF SHIP IN JFY 1978 WILL BE SUBSTANTIALLY LOWER THAN THAT IN JFY 1977 DUE TO THE WORLDWIDE DECREASE OF ORDERS. MITI WILL CONTINUE THE "CHECKING PRICE SYSTEM" UNDER THE PROVISION OF THE EXPORT TRADE CONTROL ORDER UNTIL THE END OF THIS YEAR.

4. "WITH RESPECT TO OTHER ITEMS WHOSE EXPORTS HAVE SHOWN A SIGNIFICANT INCREASE RECENTLY AND WHOSE EXPORT TRENDS WILL CONTRIBUTE SIGNIFICANTLY TO THE OVERALL TREND OF JAPAN'S EXPORT, SUCH AS MOTORCYCLES, AND COPYING MACHINES, MITI

WILL REQUEST THE COMPANIES CONCERNED RESPECTIVELY TO MAKE
UTMOST EFFORTS TO MODERATE THEIR EXPORTS IN JFY 1978,
TAKING INTO ACCOUNT THE SITUATION IN EACH INDUSTRY.

5. "WITH RESPECT TO OTHER ITEMS MITI WILL KEEP CLOSE WATCH
ON THEIR EXPORT TREND AND TAKE APPROPRIATE STEPS, DEPENDING
UPON THE SITUATION, WHEN A PROBLEM SEEMS TO OCCUR IN OVER-
SEAS MARKETS CONCERNING EXPORTS.

6. "MITI WILL SET UP THE "MONITORING COMMITTEE ON EXPORT
TRENDS" IN MITI FOR THE EFFECTIVE IMPLEMENTATION OF THE
STEPS DESCRIBED ABOVE."

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7. DEPT HAS PREPARED THE FOLLOWING PRESS GUIDANCE FOR USE
ON AN IF ASKED BASIS.

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8. "QUESTION: THE WEEK-END PRESS REPORTS THAT MITI
(JAPANESE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY)
HAS THREATENED SEVERAL SPECIFIC INDUSTRIES AMONG THEM
STEEL, AUTO, TELEVISION AND ETC.) WITH EXPORT RESTRAINTS
UNLESS THEY REDUCE THEIR EXPORTS. WHAT IS THE US POSITION
ON EXPORT RESTRAINTS? DO WE FAVOR THIS ACTION BY THE
JAPANESE GOVERNMENT?

9. "ANSWER: WE BELIEVE THAT THE PROBLEMS OF THE JAPANESE
TRADE SURPLUS CAN BEST BE SOLVED THROUGH THE ADOPTION OF
POLICIES WHICH INCREASE DOMESTIC DEMAND AND INCREASE
JAPANESE IMPORTS, PARTICULARLY OF MANUFACTURED GOODS. WE
HAVE BEEN WORKING INTENSIVELY WITH JAPAN TO ACCOMPLISH
THIS.

10. "WE ARE UNDERSTANDING OF THE JAPANESE CONCERNS WHICH
LED TO THE MITI ANNOUNCEMENT. HOWEVER, OVER THE LONGER-
TERM WE FAVOR SOLUTIONS WHICH ADDRESS THE STRUCTURAL
DIFFICULTIES IN JAPANESE TRADE."

11. FYI. THERE ARE TWO STORIES IN WASHINGTON EXPLAINING
THIS MITI "JAWBONING". ONE SAYS THAT MITI MINISTER KOMOTO
DECIDED BY HIMSELF TO TAKE THIS STEP. THE OTHER SAYS THAT
FINANCE VICE MINISTER MATSUKAWA RETURNED FROM HIS APRIL
5-7 VISIT TO WASHINGTON WITH A REPORT THAT THERE WAS "A
FAVORABLE REACTION IN WASHINGTON TO THE SUGGESTION OF
EXPORT RESTRAINTS", AND THAT THE MINISTERS OF FOREIGN
AFFAIRS AND FINANCE, SUPPORTED BY THE PRIME MINISTER, WERE
THUS ABLE TO OVERCOME KOMOTO'S STRENUOUS OBJECTIONS TO ANY
SUGGESTION OF EXPORT RESTRAINTS. AS REPORTED IN TELEGRAMS
COVERING MATSUKAWA'S MEETINGS WITH TREASURY SECRETARY BLU-
MENTHAL AND UNDERSECRETARY COOPER, THE SUBJECT OF EXPORT
RESTRAINTS WAS NOT RAISED. END FYI.

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12. WE WOULD APPRECIATE ANY INFORMATION EMBASSY CAN PROVIDE ON THIS SUBJECT. CHRISTOPHER

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NNN

Message Attributes

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Draft Date: 20 apr 1978
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Decaption Note:
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Disposition Approved on Date:
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TAGS: ETRD, JA, US
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